

## Message Text

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64

ORIGIN SS-25

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DRAFTED BY AF/C:MFGALLAGHER:MG

APPROVED BY T:MR. MAW

AF/C:EMARKS

PM:MR. ERICSON

AF:AMB. SCHAUFELE

S/S: PSBRIDGES

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O 070021Z AUG 76 ZFF4

FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 196035 TOSEC 200134

EXDIS

E.O. 11652: GDS

TAGS: EINV, MASS, CG, OVIP (KISSINGER, HENRY A.)

SUBJECT: FMS GUARANTEED LOAN FOR ZAIRE

REF: SECTO 20028

TO UNDER SECRETARY ROGERS FROM UNDER SECRETARY MAW

1. MEETING WITH MAJOR PLAYERS (GENERAL FISH AND UNDER SECRETARY YEO) INVOLVED IN THE QUESTION OF EXTENDING GUARANTEE ON C-130 LOAN TOOK PLACE THIS AFTERNOON (8/6) IN MY OFFICE. CONSENSUS WAS TO EXTEND THE GUARANTEE PERIOD ONE YEAR ON EXISTING GUARANTEED LOAN, AND TO TELEPHONE COMMERCE UNION BANK AND FIRST NATIONAL OF CHICAGO IN A FORCEFUL ATTEMPT TO PERSUADE THEM NOT TO EXERCISE THE GUARANTEE.

2. ALL PARTIES AGREED THAT COMMERCE UNION PROPOSAL FOR US TO BROADEN THE GUARANTEE TO COVER THE PRIVATE C-130

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LOAN IS UNACCEPTABLE TO USG GIVEN IMPLICATIONS FOR

BROADER USG-PRIVATE BANK RELATIONS AND ANTICIPATED

CONGRESSIONAL REACTION. INSTEAD WE AGREED TO EXTEND THE GUARANTEED PERIOD TO SHOW GOOD FAITH ON THE PART OF USG AND OUR WILLINGNESS TO ASSIST THE BANKS IN THE

PROTECTION OF THEIR LEGITIMATE INTERESTS. EXTENSION ALSO RELIEVES COMMERCE UNION SYNDICATE OF NECESSITY OF MAKING FINAL DECISION TO EXERCISE GUARANTEE BY AUGUST 10, ALTHOUGH WE ARE NOT CERTAIN AT THIS POINT SYNDICATE WILL AGREE TO SUCH RESTRAINT.

3. THE MESSAGE WE INTEND TO COMMUNICATE TO BANK PRINCIPALS IS THAT (1) THE USG HAS RESPONDED TO PROTECT THE BANKS' LEGITIMATE INTERESTS AND (2) WE INSIST THAT THE BANKS IN THE SYNDICATE RECEIVE TREATMENT NO MORE FAVORABLE THAN OTHER US BANKS CAN EXPECT IN THE UPCOMING ZAIRIAN DEBT RESCHEDULING.

4. UNDER SECRETARY YEO WILL CALL THE PRESIDENT OF FIRST NATIONAL OF CHICAGO WHILE I WILL CALL THE PRESIDENT OF COMMERCE UNION. GENERAL FISH IS SENDING THE LETTER TO COMMERCE UNION NOTIFYING THEM THAT THE GUARANTEE PERIOD IS TAKING EFFECT IMMEDIATELY. I WILL KEEP YOU ADVISED OF THE SITUATION AS IT DEVELOPS. HABIB

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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